

Message Text

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ACTION COME-00

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R 211506Z SEP 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 7211

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E.O. 11652: NA

TAGS: BEXP, EG

SUBJ: PROPOSAL FOR TRADE CENTER AT CAIRO

REF: STATE 229984

1. DEPARTMENT WILL WISH TO CONSULT AMBASSADOR EILTS WHILE HE IS IN WASHINGTON REGARDING PROPOSAL ON ESTABLISHMENT OF TRADE CENTER AT CAIRO (REFTEL). POST (AND DEPARTMENT) POLICY THUS FAR HAS BEEN TO RESTRICT ASSIGNMENT OF U.S. PERSONNEL IN EGYPT TO THOSE CLEARLY NEEDED TO ACCOMPLISH PRIORITY U.S. OBJECTIVES IN BILATERAL US-GOE RELATIONS AS BACKSTOP TO OUR OVERALL EFFORTS IN MIDDLE EAST. THIS POLICY PRECLUDES ESTABLISHMENT OF NEW POSITIONS, ESPECIALLY THOSE WITH PROSPECTIVE REGIONAL RESPONSIBILITIES, UNLESS UNEQUIVOCAL CASE CAN BE MADE IN EACH INSTANCE FOR PRESSING OPERATIONAL NEED TO FURTHER USG OBJECTIVES.

2. EMBASSY VIEWS AS ONE OF ITS PRIME CONCERNNS PROMOTION OF U.S. EXPORTS TO EGYPT AND FURTHERANCE OF INVESTMENT RELATIONS BETWEEN TWO COUNTRIES. FURTHER, WE ARE COGNIZANT OF UTILITY OF TRADE CENTERS IN TRADE PROMOTION FIELD. OUR INITIAL REACTION TO SUGGESTION ON TRADE CENTER CONCEPT AS TECHNIQUE APPLICABLE TO EGYPTIAN SCENE IS NEGATIVE, HOWEVER, IN ADDITION TO POLICY ON LIMITATION OF PERSONNEL, OTHER FACTORS MILITATE AGAINST FAVORABLE LIMITED OFFICIAL USE

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CONSIDERATION AT THIS TIME. NEITHER RELATIVELY

RECENT IMPLEMENTATION OF GOE'S OPEN DOOR POLICY NOR COLLAPSE OF BEIRUT AS COMMERCIAL CENTER HAVE YET RESULTED IN SIGNIFICANTLY LARGE AND ACTIVE PRESENCE IN EGYPT OF U.S. FIRMS; WE CAN FORESEE SERIOUS PROBLEMS IN LOCAL RECRUITMENT FOR SHOWS AND BETWEEN-SHOW EVENTS. FUTURE COURSE OF U.S.-ARAB TRADE IN GENERAL SEEMS UNCERTAIN FROM OUR VANTAGE POINT AS RESULT OF RECENTLY HEIGHTENED ATTENTION TO ARAB BOYCOTT IN U.S., NOT TO MENTION COMPLICATIONS ARISING FROM CONTINUED EXISTENCE OF BOYCOTT PROVISIONS THEMSELVES AND THEIR POSSIBLE EFFECT ON PLANS OF U.S. COMPANIES FOR EXPANDED BUSINESS RELATIONS IN REGION.

3. THESE CONSIDERATIONS LEAD US TO BELIEVE, SUBJECT TO AMBASSADOR EILTS' VIEWS, TIME IS NOT NOW FOR TRADE CENTER IN CAIRO, DESPITE CURRENT AND POTENTIAL IMPORTANCE OF MARKET. U.S. EFFORT SHOULD CONCENTRATE ON STRENGTHENING ONGOING PROMOTION PROGRAMS WHICH DO NOT REQUIRE LONG-RANGE COMMITMENT TO PERMANENT FACILITY WITH INCREMENTAL STAFFING. EVEN THOUGH LONG LEAD TIME IS INVOLVED, SUGGEST BASIC QUESTION MIGHT BEST BE REVIEWED AGAIN ABOUT ONE YEAR HENCE IN LIGHT OF SITUATION THEN PREVAILING.
MATTHEWS

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